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CHINA UNIENERGY GROUP LIMITED

中国优质能源集团有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1573)

INSIDE INFORMATION DECREASE IN SHAREHOLDING BY CONTROLLING SHAREHOLDER

This announcement is made by CHINA UNIENERGY GROUP LIMITED (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company was notified by Lavender Row Limited (“**Lavender Row**”), the controlling shareholder (as defined under the Listing Rules) of the Company, that on 13 May 2018, it (as one of the two sellers) has entered into a share transfer agreement (the “**Share Transfer Agreement**”) with Moonfun Miracle Limited (“**Moonfun**”) (as one of the two sellers) and Hezhang County Hongyi Construction Engineering Co., Ltd.* (赫章縣宏誼建築工程有限責任公司) (the “**Purchaser**”) (as purchaser) for the sale and the purchase of 157,960,000 ordinary shares of the Company (the “**Sale Shares**”) (which consist of 123,402,000 ordinary shares and 34,558,000 ordinary shares beneficially owned by Lavender Row and Moonfun, respectively) at a total consideration of HK\$1,380,838,932, representing 22% of the issued share capital of the Company as at the date of this announcement.

The Company was informed that each of Moonfun and the Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules) prior to the Completion (as defined below) and the Purchaser is a company established in the People’s Republic of China and is wholly-owned by the People’s Government of Hezhang (赫章縣人民政府). Three of the anthracite coal mines of the Group which are in commercial production are located in Hezhang County. Ms. Dai Ling is the sole legal owner of all the issued shares of Lavender Row, holding such shares in trust for the benefit of Ms. Dai Ling and her spouse, Mr. Xu Bo, who is an executive director and the chairman of the Company, and their children.

The Company was informed that the completion of the sale and purchase of the Sale Shares (the “**Completion**”) is conditional on:

- (i) that the representations and warranties made by the parties to the Share Transfer Agreement shall be true and accurate at the time of the Completion (if such representations and warranties are made on other dates, such representations and warranties shall be true and accurate on the corresponding date);
- (ii) that the Purchaser has obtained all the approvals, consents, or registrations required from any government authorities to complete the transaction contemplated under the Share Transfer Agreement, including but not limited to the approvals, consents, or registrations of the China Development and Reform Department, the Competent Commerce Department, and the State-owned Assets Supervision and Administration Department; and
- (iii) that there being no laws or government orders (whether temporary, preliminary or permanent) enacted, issued, promulgated, implemented or passed by any government authorities rendering the transaction contemplated under the Share Transfer Agreement illegal or otherwise limiting or prohibiting the Completion.

The Company was informed that assuming the issued share capital of the Company remains unchanged as at the date of Completion and based only on Lavender Row’s current shareholding in the Company, immediately following the Completion, (i) Lavender Row will remain as the beneficial owner of 241,214,000 ordinary shares in the Company, representing approximately 33.60% of the issued share capital of the Company, and a controlling shareholder (as defined under the Listing Rules) of the Company and (ii) the Purchaser (or its wholly-owned subsidiary designated as the recipient of the Sale Shares) will become the beneficial owner of 157,960,000 ordinary shares of the Company, representing 22% of the issued share capital of the Company, and a substantial shareholder (as defined under the Listing Rules) of the Company.

The Completion is subject to conditions and may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing or investing in the securities of the Company.

By order of the Board
CHINA UNIENERGY GROUP LIMITED
Xu Bo
Chairman

Guiyang, People’s Republic of China
13 May 2018

As at the date of this announcement, the executive directors of the Company are Mr. Xu Bo, Mr. Wei Yue and Mr. Xiao Zhijun; and the independent non-executive directors of the Company are Mr. Jiang Chenglin, Mr. Choy Wing Hang William, Mr. Lee Cheuk Yin Dannis and Mr. Fu Lui.

** For identification purpose only*